Government of Saskatchewan

Annual Report 1986

Saskatchewan Milk Control Board

FIFTY-SECOND ANNUAL REPORT

FOR THE TWELVE MONTHS

ENDED DECEMBER 31, 1986

SASKATCHEWAN MILK CONTROL BOARD

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SASKATCHEWAN MILK CONTROL BOARD

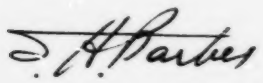
Honourable Grant Devine
President of the Executive Council
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Fifty-Second Annual Report of the Saskatchewan Milk Control Board, together with the financial statements for the year ending December 31, 1986, pursuant to the Provisions of Section 38 of the Milk Control Act.

Respectfully submitted,

THE MILK CONTROL BOARD



Stan H. Barber
Chairman

SASKATCHEWAN MILK CONTROL BOARD

BOARD MEMBERS

CHAIRMAN

Mr. Stan Barber, Regina

BOARD MEMBERS

Mrs. Henrietta Goplen, Saskatoon

Dr. Eiler Humbert, Saskatoon

Mr. Hans Seitz, Zehner

Mr. Ron Steinley, Rush Lake

OBJECTIVES

The Saskatchewan Milk Control Board was created by an Order-in-Council of the Saskatchewan Government on April 1, 1935. The primary objective of the Board is to assure availability of an adequate supply of good quality milk at a reasonable price. To accommodate this objective, milk production and sale is regulated from the farmer to the consumer.

Traditionally, because of the bulk volume and perishability of milk, dairy farms have developed close to the markets within the main urban centres. Since the onset of the establishment of milk controls, the Board has exercised its authority to encourage the specialized group of dairy farmers in the province, who were the main source of supply, to remain in business.

The affairs of the Board are managed by a five member Board appointed by the Lieutenant-Governor-in-Council. The principle functions of the Board are to:

- set milk prices;
- licence milk distributors;
- conduct processing plant audits;
- set producer milk and cream quotas;
- establish quota policies.

The Board also carries out administrative, organizational and investigational duties as may be necessary to ensure that its objectives are achieved.

INTRODUCTION

The 52nd year of the Board's operation was a successful one in many respects.

It was a year in which agriculture rebounded from two years of drought and uncertainty, to a year where grain and forage production brought forward record yields.

Canada's National Milk Supply Management Program continued to keep Canadian industrial milk production in balance with domestic demands. The 1985-86 dairy year ended with Canadian dairy farmers filling 100.6% of the national market share quota allotment. At the end of the 1985-86 dairy year there was a surplus of inquota levy funds collected from producers to finance the exports of skim milk powder. The Canadian Milk Supply Management Committee decided to refund $26 million of the surplus to the provinces. In Saskatchewan this amounted to $671,884, and provided for a producer refund of approximately 66.4¢ per hundred kilograms on milk that inquota levy was deducted from during the 1985-86 dairy year. In addition, a projected surplus in the 1986-87 budget was corrected by reducing the inquota levies for the 1986-87 dairy year.

The depressed world market for dairy products appears to be continuing. Efforts continue in both the United States of America and the European Economic Community to reduce rising surpluses of skim milk powder and butter.

During 1986, fluid milk prices at the producer, processor and consumer levels remained relatively constant. Also, the industry received another five year commitment from the Federal Government through approval of a long-term National Dairy Policy in January, 1986. Because domestic market demands for industrial and fluid milk remained steady for dairy products as a whole, no changes in quota allotment were necessary for the 1986-87 dairy year.

During 1986, the industry as a whole worked diligently on developing a new quota transfer system. The Board believes that the new system adopted in August, 1986 will provide numerous benefits to the industry. The most significant change is the fact that quota will be more readily available to people who want to get into the dairy industry, and to those who are in business, but need additional quota to make their enterprise more efficient.

PRODUCER POOLS

On August 1, 1986 all Saskatchewan industrial milk producers qualified to join the Group I pool program. By so doing, they availed themselves of the opportunity to share in the top price fluid market. Shipments from Group I pool producers now account for 100% of the total milk supply in Saskatchewan. As a Group I pool member, each producer receives annually a daily quota, which is based on production during the six month quota building period (September 1 to February 28). With the high quality milk achieved by all dairy producers, additional savings in marketing and transportation were achieved. The movement to a single high quality grade for all milk will also help to ensure that Saskatchewan's manufactured dairy products are of the highest quality. The increased quality of the milk utilized for manufactured dairy products benefited consumers through improved quality of the processed products.

SASKATCHEWAN MILK CONTROL BOARD

The trend toward fewer but larger milk producers in Saskatchewan continued. The total number of milk producers as of December, 1986 was 714, compared to 751 in January, 1986 (Table I).

A major change which occurred in the producer sector deserves special mention. There has been a rapid decline in the number of cream producers and shipments of farm separated cream during the 1970's and 1980's. In 1972, 4.6 million kilograms of butterfat (90% of Saskatchewan's total industrial shipments) were marketed by 12,900 cream producers. By 1986, cream shipments had declined to 576,000 kilograms of butterfat (13% of Saskatchewan's total industrial shipments) marketed by 1,490 cream producers. Much of this decline occurred because of producer retirement or a transfer to milk production.

During 1986, the fluid milk pool purchased approximately $8.17 million worth of milk each month for a total of $98.07 million for the year. Table VII outlines the average monthly prices paid to producers for all fluid milk shipments based on milk testing 3.5% butterfat.

The fluid milk pricing formula continued to be used by the Board as a guide in establishing the price of Class I milk. The fluid pricing formula showed no price increase was warranted during 1986. The last increase in Class I milk took place on November 16, 1985. The Board will continue to closely monitor the cost of production formula findings to ensure that raw milk prices are kept in line with producer costs.

At the Federal level, the Industrial Target Returns Formula (Class II and Class III) increased by a total of 80¢ per hectolitre. Of that increase, 18¢ was to offset the 18¢ per hectolitre in levy costs which producers are paying in support of the Canadian Dairy Commission's domestic butter carrying costs. Those costs were previously borne by the Federal Government. The Board increased the prices for Class II and Class III milk in Saskatchewan in line with these recommended target prices.

The following table outlines a twelve month comparison of regulated producer milk prices.

REGULATED MILK PRICES PAID BY PROCESSORS, PER 100 KGMS.

Product	Jan. 1 1986	Dec. 31 1986	% Change
Class I	$53.87	$53.87	.0
Class II	39.49	40.27	+2.0
Class III	37.74	38.52	+2.1

In February, 1986, the dairy industry received copies of a study conducted by E.X.P. Consulting Limited. During the period February, 1986 to July, 1986, the industry worked diligently on developing a new quota transfer system. The Board believes that the new quota transfer policy implemented August 1, 1986 addresses many of the concerns expressed by the Saskatchewan dairy producers. Under the new policy, milk and cream herds may be sold with the quota being transferred with the herd. A producer who purchases a herd may relocate the herd and receive 80% of the quota. In this case, the remaining 20% of the quota returns to the Board for allocation to new or expanding producers.

Quota that transfers within the immediate family does so without any transfer assessment being applied. Also, when an existing dairy farm is sold as an "on-going operation", the total quota is transferred to the new owner without any transfer assessment being applied. When a quota transfer is approved by the Board, the person receiving the quota will be allotted the total yearly quota or total yearly quota less the 20% transfer assessment when applicable.

The Board continues to maintain a very close scrutiny on herd and quota transfers in an effort to ensure that speculation in quotas is prevented.

MILK PRODUCTION AND UTILIZATION

During 1986 Saskatchewan milk producers marketed a total of 214,162,415 kilograms of milk. This represents a 5.34% increase from the 1985 level (Table I). The number of fluid producers decreased 4.8% from 751 in January, 1985 to 714 in December of 1986. The increased milk production was due to an increase in milk production per herd.

Class I milk, or milk utilized for the bottle trade in 1986, accounted for 100,436,059 kilograms of milk, an increase of 346,318 kilograms or 0.35% over 1985. Of the total production, Class I, or top price milk requirements accounted for 46.9%, with the remaining 53.1% utilized for manufacturing of non-fluid products.

Home delivery sales continued to decrease and accounted for 11.7% of the total sales in 1986, while country sales increased from 32.6% to 33.2%, and wholesale sales remained relatively constant (Table III).

During the 1985-86 dairy year Saskatchewan producers of milk and cream shipped 102.7% of the province's share of Canadian domestic requirements. After meeting the Board's commitments regarding the payment of levies to the Canadian Dairy Commission, the Board was able to refund approximately $1.4 million of the total $2.0 million collected as overquova levies. Individual milk and cream producers, therefore, received refunds on their overquota production up to and including 4.11% of their individual quotas. Any overquota penalties collected on shipments in excess of 104.11% were not refunded, but forwarded to the Canadian Dairy Commission. In August, 1986, the Board allocated all of the province's market share quota to milk and cream producers according to the milk and cream quota policies. The Board determined that the province's market share quota allotment of 4.3 million kilograms of butterfat would be fully utilized by approved producers.

TRANSPORTATION

During 1986 transporters have continued to improve their productivity by gradually shifting to larger truck sizes, through increased shipments per producer and by shifting producer routes to minimize haulage distances. In the year under review, the total cost to transport the 214.2 million kilograms of milk marketed amounted to $3.940 million, or an average cost of $1.84 per hundred kilograms. This represents an increase of approximately 1.7% on the average cost of $1.81 per 100 kilograms incurred in the previous year.

The trucking rates paid by producers increased by approximately 3.5% on August 1, 1986. Table VIII outlines the rates effective at year-end 1986. Under the regulations of the pool, producers are charged haulage to the nearest fluid milk processing plant.

In general, the fluid milk transportation pooling system provides stability and orderliness to the industry.

MILK CONTROL BOARD ACTIVITIES

No changes in the membership of the Board took place in 1986.

In the past year, the Board held five official meetings. In addition to the meetings of the Board, members participated in a number of Advisory or Quota Committee meetings, in meetings with outside agencies, and as well, in meetings with the local dairy industry organizations.

The Board Chairman, together with members of the Market Share Quota Advisory Committee, attended all six meetings of the Canadian Milk Supply Management Committee.

The Board gratefully acknowledges the contribution of staff and committee members and is indebted to the advice, support and co-operation extended to it by all sectors of the dairy industry.

NATIONAL DAIRY POLICY

In January, 1986, Agriculture Minister John Wise announced an industrial dairy policy extending over the next five years. By so doing, the Federal government has removed uncertainty as to the effect of government policies and has provided additional stability to the dairy sector.

The consumption of dairy products during 1985-86 increased slightly compared with the 1984-85 dairy year.

Industrial milk quota for the 1985-86 dairy year had been set at 46.6 million hectolitres, of which 44.9 million was for domestic requirements, and 1.726 million was to be produced for the Special Export Program. Because the Special Export Program was subject to a levy of $29.73 per hectolitre, this portion of Market Share Quota was made optional to the provinces. Several provinces over-produced their quota allocations and paid overquota levies. Saskatchewan's shipments were less than 100%, but more than the domestic requirements portion of the Market Share Quota.

The 1986-87 dairy year has started with the expectation for continued stability in the dairy sector. As of August 1, 1986, the target returns for industrial milk producers as calculated by the Federal returns adjustment formula, increased 1.4%, from $45.68 to $46.30 per hectolitre. In addition, 18¢ per hectolitre was added to assist in the financing of the carrying charges associated with the marketing of butter required to meet domestic demands.

The National Market Sharing Quota was set at 46.6 million hectolitres by the Canadian Milk Supply Management Supply Committee in July, 1986 (unchanged from the previous year).

Regarding production and consumption of industrial dairy products, a continued growth in cheese consumption is forecast, while butter and skim milk powder manufacturing is expected to decline slightly.

As indicated in the Federal government's long term dairy policy, a subsidy of $6.03 per hectolitre ($5.85 per hundred kilograms) will continue to be paid on domestic requirements and on 1.1 million hectolitres utilized for special export. The respective levies for industrial milk for the 1986-87 dairy year are as follows: inquota levy, $4.61 per hectolitre; special export levy, $30.00 per hectolitre; overquota levy, $38.00 per hectolitre on milk and $4.00 per kilogram on cream.

The "skim-off" levy (collected through a subsidy holdback from fluid shipments) remained unchanged at $0.29 per hundred kilograms.

MILK CONTROL BOARD ORDERS

The pricing of milk for fluid purposes is a Board responsibility. The Board's primary objective is to provide efficient producers and processors with a fair return to labour, management and investment. The Board utilizes a Cost of Production formula as a guide in decisions related to producer price adjustments.

The Board was engaged in several meetings with producers and processors to discuss fluid milk price adjustments. The following is an outline of the Board's decisions for 1986.

In Board Order 571, filed May 12, 1986, and effective May 15, 1986, the price structure of the 250 ml. skim milk container was added to the Board's pricing orders. The following were the amended orders.

	Min.	Max.
TABLE I		
per 250 ml. skim milk	$.29	$.29
TABLE II		
per 250 ml. skim milk	$.29	
TABLE III		
per 250 ml. skim milk	$.29	$.29
TABLE IV		
per 250 ml. skim milk	$.29	

In Board Order 572, filed August 13, 1986, and effective August 16, 1986, the price structure was revised in the production sector. The adjusted prices for Class II and Class III milk are listed below:

Class II milk ---------- $40.27 per 100 kilograms

Class III milk ---------- $38.52 per 100 kilograms

Butterfat differential $.44 for each one-tenth percent by which the butterfat deviates from the 3.5% norm.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of The Milk Control Board as at December 31, 1986, and the statement of revenue, expenditure and operating surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Milk Control Board as at December 31, 1986, and the results of its operations and changes in financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Regina, Saskatchewan,
February 27, 1987.

THE MILK CONTROL BOARD

FINANCIAL STATEMENTS

Year Ended December 31, 1986

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

Statement 1

THE MILK CONTROL BOARD

BALANCE SHEET

As at December 31, 1986

(with comparative figures at December 31, 1985)

	1986	1985
ASSETS		
Current:		
Cash and short term deposits (at cost)	$233,909	$ 671,972
Accounts receivable		
- producers - on behalf of Canadian Dairy Commission levy	375,648	380,478
- assessment fees	19,765	18,595
- market share quota levy	--	38,755
- overquota levy	45,131	33,680
- accrued interest	4,013	3,346
	678,466	1,146,826
Fixed:		
Office furniture & equipment, at cost	27,455	24,501
	$705,921	$1,171,327
LIABILITIES AND SURPLUS		
Current:		
Accounts payable		
- Canadian Dairy Commission	$278,340	$ 697,174
- producer refund (Note 7)	162,264	--
- market share quota levy (Note 6)	--	182,553
- overquota levy	74,298	69,420
- vacation accrual	18,420	23,535
- other	15,713	22,560
Deferred government assistance (Note 5)	7,500	7,500
	556,535	1,002,742
Equity:		
Fixed assets (Note 1)	27,455	24,501
Operating surplus (Statement 2)	121,931	144,084
	$705,921	$1,171,327

(See accompanying notes to the financial statements)

Statement 2

THE MILK CONTROL BOARD

STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS

Year Ended December 31, 1986

(with comparative figures for the 1985 year)

	1986	1985
Revenue:		
Assessment fees	$242,481	$224,036
Interest	94,802	107,565
Market-share quota management assessment	--	7,324
Cost of Production Study grants	30,000	32,845
Licence fees and miscellaneous	553	180
	367,836	371,950
Expenditure:		
Salaries	190,149	200,222
Cost of Production Study	75,342	82,011
Travel, sustenance and vehicle expense	36,225	24,740
Overquota levy expenses	21,888	6,955
Rent	20,304	18,797
Administrative expense	17,140	18,571
Employee benefits	12,387	10,982
Honorarium - Mild Control Board	7,200	4,750
- Advisory Board	6,400	4,600
Purchase of fixed assets	2,954	312
	389,989	371,940
Excess of revenue over expenditure (expenditure over revenue)	(22,153)	10
Operating surplus, beginning of year	144,084	144,074
Operating surplus, end of year - to Statement 1	$121,931	$144,084

(See accompanying notes to the financial statements)

THE MILK CONTROL BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

1. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting policies that are considered appropriate for organizations of this type. The significant accounting policies are as follows:

i) Fixed Assets

The Board follows the policy of charging to current year's expenditure the full cost of assets purchased during the year. The cost of the fixed assets is shown on the balance sheet and no depreciation is recorded.

ii) Government Assistance

The Board receives grants from the Saskatchewan Department of Agriculture to assist in Cost of Production studies. This government assistance is recognized as revenue in the period in which the related Cost of Production study expenses have been incurred.

2. Incorporation

The Milk Control Board was established as a body corporate under The Milk Control Act, Chapter 234, Revised Statutes of Saskatchewan, 1965, and is continued under Chapter M-15, Revised Statutes of Saskatchewan, 1978.

The Board has authority to make any regulations or orders in connection with the production, supply, distribution or sale of milk as it may deem necessary.

3. Lease Commitment

At December 31, 1986, the Board was committed under a lease until September 1, 1987, at a monthly rental of $1,256, plus a proportionate share of taxes and utilities which exceed the base year.

4. Contract Commitment

At December 31, 1986, the Board was committed for an estimated amount of $15,430 for the remainder of a research study.

5. Government Assistance

In 1986, The Milk Control Board received $30,000 from Saskatchewan Department of Agriculture to assist in the costs of the Saskatchewan Dairy Study. As of December 31, 1986, approximately three-quarters of the study was complete, the remainder will be completed in 1987. A portion of the assistance has been shown as deferred government assistance in 1986 in order to match the funds received with the expenses incurred.

6. Market Share Quota Levy

This levy was implemented August 1, 1985, by the Milk Control Board. At the end of the dairy year accumulated funds were used to pay over quota levy charges by the Canadian Dairy Commission and any balance remaining was returned to producers. The Milk Control Board was able to refund 100% of the reserve levy collected in the 1985-86 Dairy Year. A decision was made not to collect this levy in the 1986-87 Dairy Year.

7. Producer Refund

The Canadian Dairy Commission levy was reduced in November 1986 from $5.13/hectolitre of milk to $4.61/hectolitre. The change was made retroactive to August 1, 1986. The excess collected from August to October was payable to producers as at December 31, 1986.

8. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with the presentation in 1986.

TABLE I

TOTAL WHOLE MILK REQUIREMENTS, NUMBER OF MILK PRODUCERS AND AVERAGE DAILY PRODUCTION 1985-86 (KGS)

PERIOD	YEAR	WHOLE MILK REQUIREMENTS	TOTAL PRODUCTION	NUMBER OF PRODUCERS	DAILY AVERAGE PER PRODUCER
January	1985	8,647,573	18,191,760	773	759
	1986	8,903,974	17,383,580	750	747
February	1985	7,961,497	16,905,151	772	782
	1986	7,901,605	16,262,186	747	777
March	1985	8,558,736	18,759,110	774	782
	1986	8,167,447	18,663,212	740	813
April	1985	8,421,988	17,917,828	773	773
	1986	8,351,653	18,464,788	736	836
May	1985	8,667,806	17,951,778	772	750
	1986	8,702,196	19,381,640	730	856
June	1985	7,647,169	16,452,259	768	714
	1986	7,721,776	19,123,200	729	874
July	1985	7,714,650	16,271,940	761	687
	1986	7,927,492	18,960,152	726	842
August	1985	8,365,919	16,871,016	764	712
	1986	8,117,573	18,215,908	722	813
September	1985	8,154,962	16,047,195	763	701
	1986	8,564,367	16,832,998	720	779
October	1985	8,960,718	15,944,141	760	677
	1986	9,140,496	16,803,398	719	753
November	1985	8,557,332	15,431,745	759	678
	1986	8,223,155	16,430,110	718	762
December	1985	8,431,391	16,550,440	751	710
	1986	8,714,325	17,641,243	714	797
TOTALS	1985	100,089,741	203,294,363	766	727
	1986	100,436,059	214,162,415	729	804
% Change		+.35	+5.34	-4.84	+10.59

TABLE II

COMPARATIVE FIGURES ON KILOGRAMS OF MILK PRODUCTION AND SALES - 1984-85-86

CONTROL AREAS		1984	1985	1986
REGINA [1/]	PRODUCTION	42,186,699	39,593,559	41,548,841
	SALES	33,118,528	32,562,008	32,092,929
PRINCE ALBERT	PRODUCTION	7,644,893	6,868,802	7,320,693
	SALES	6,204,015	6,178,421	6,306,644
YORKTON	PRODUCTION	35,486,683	37,294,882	38,673,392
	SALES	8,600,236	8,667,403	8,876,016
SASKATOON	PRODUCTION	78,479,504	76,684,452	80,011,574
	SALES	32,306,165	31,703,609	31,966,620
SWIFT CURRENT	PRODUCTION	22,506,286	21,651,678	23,158,688
	SALES	4,690,648	4,609,881	4,677,103
BATTLEFORDS	PRODUCTION	8,605,217	8,576,381	10,058,414
	SALES	4,604,327	4,672,128	4,780,415
WEYBURN	PRODUCTION	2,248,374	2,168,371	2,443,735
	SALES	2,369,362	2,374,546	2,399,542
ESTEVAN	PRODUCTION	2,486,596	2,497,290	2,503,627
	SALES	2,077,853	2,180,372	2,184,760
MELFORT	PRODUCTION	4,466,709	4,495,401	4,921,974
	SALES	3,833,680	3,953,095	4,012,873
LLOYDMINSTER	PRODUCTION	3,540,889	3,463,547	3,521,477
	SALES	2,932,657	3,188,278	3,139,157
TOTALS	PRODUCTION	208,018,088	203,294,363	214,162,415
	SALES	100,990,606	100,089,741	100,436,059

[1/] Includes the control area of Moose Jaw.

TABLE III

COMPARATIVE SALES BY LITRES OF MILK AND CREAM PRODUCTS IN CONTROL AREAS - 1985-86

PRODUCTS	YEAR	RETAIL SALES (HOME DELIVERY)	WHOLESALE SALES	COUNTRY SALES	TOTAL SALES	%
Whole Milk	1985	2,903,893	12,397,313	8,844,610	24,145,816	24.7
	1986	2,693,470	11,668,210	8,431,813	22,793,493	23.3
Partly Skimmed	1985	7,754,597	35,034,018	20,142,657	62,931,272	64.4
	1986	7,654,769	35,203,156	20,893,408	63,751,333	65.1
Skimmed	1985	874,302	3,404,189	1,254,534	5,533,025	5.7
	1986	932,536	3,810,658	1,493,171	6,236,365	6.4
Chocolate	1985	144,583	2,776,012	1,364,725	4,285,320	4.4
	1986	147,329	2,879,286	1,436,451	4,463,066	4.5
Buttermilk	1985	36,604	452,575	245,325	734,504	.8
	1986	36,550	456,109	249,571	742,230	.7
TOTAL MILK SALES	1985	11,713,979	54,064,107	31,851,851	97,629,937	100.0
	1986	11,464,654	54,017,419	32,504,414	97,986,487	100.0
10% Cream	1985	129,827	1,310,595	478,038	1,918,460	
	1986	118,915	1,355,336	483,752	1,958,003	
32% Cream	1985	12,722	426,580	215,488	654,790	
	1986	12,665	479,150	226,257	718,072	

TOTAL MILK SALES BY DISTRIBUTION OUTLET 1985 - 86

	1985	%	1986	%
Retail Sales (Home Delivery)	11,713,979	12.0	11,464,654	11.7
Wholesale Sales	54,064,107	55.4	54,017,419	55.1
Country Sales	31,851,851	32.6	32,504,414	33.2
TOTAL SALES	97,629,937	100.0	97,986,487	100.0

TABLE IV

MARKET SHARE QUOTA UTILIZATION BY DAIRY YEAR

			INDUSTRIAL MILK [1/]		INDUSTRIAL CREAM	TOTAL
MONTH	YEAR	AVERAGE TEST	KILOGRAMS MILK	KILOGRAMS BUTTERFAT	KILOGRAMS BUTTERFAT	KILOGRAMS BUTTERFAT
August	1984	3.48	9,922,902	345,317	92,013	437,330
	1985	3.53	8,541,338	301,246	66,634	367,880
September	1984	3.66	8,724,590	319,320	68,866	388,186
	1985	3.69	6,885,703	253,851	68,571	322,422
October	1984	3.76	8,003,138	300,918	59,960	360,878
	1985	3.79	6,520,481	246,865	49,157	296,022
November	1984	3.71	7,000,674	259,725	48,822	308,547
	1985	3.75	6,344,562	237,885	36,844	274,729
December	1984	3.64	9,235,357	336,167	39,158	375,325
	1985	3.65	7,624,624	278,146	32,393	310,539
January	1985	3.62	9,077,127	328,592	48,170	376,762
	1986	3.57	7,970,577	284,347	39,008	323,355
February	1985	3.61	8,551,385	308,705	46,890	355,595
	1986	3.55	7,895,162	280,142	36,606	316,748
March	1985	3.56	9,707,893	345,601	50,456	396,057
	1986	3.54	10,014,879	354,274	41,891	396,165
April	1985	3.58	9,048,352	323,931	61,207	385,138
	1986	3.54	9,617,527	340,377	56,969	397,346
May	1985	3.51	8,837,350	310,191	75,216	385,407
	1986	3.51	10,139,329	355,922	64,154	420,076
June	1985	3.46	8,237,428	285,015	69,912	354,927
	1986	3.40	10,963,809	372,800	65,647	438,447
July	1985	3.42	8,068,041	275,927	60,144	336,071
	1986	3.42	10,583,048	362,235	65,350	427,585
TOTALS	1984/85	3.58	104,414,237	3,739,409	720,814	4,460,223
	1985/86	3.56	103,101,039	3,668,090	623,224	4,291,314

[1/] Includes all milk utilized for industrial purposes.

TABLE V

SALES OF MILK AND CREAM PRODUCTS IN LITRES IN CONTROL AREAS - 1985-86

	YEAR	WHOLE MILK	PARTLY SKIMMED MILK	SKIM MILK	CHOCOLATE MILK	BUTTER MILK	10% CREAM	32% CREAM	TOTAL LITRES
Regina	1985	7,775,637	20,153,297	2,160,099	1,453,825	225,199	743,454	177,069	32,688,580
	1986	**7,194,172**	**20,038,282**	**2,360,880**	**1,495,679**	**228,041**	**758,590**	**205,784**	**32,281,428**
% Change		- 7.48	- .58	+ 9.29	+ 2.87	+ 1.26	+ 2.04	+16.21	- 1.25
Prince Albert	1985	1,702,878	3,824,923	190,211	265,883	42,778	61,305	35,953	6,123,931
	1986	**1,623,233**	**3,967,251**	**232,443**	**284,573**	**45,741**	**63,592**	**39,398**	**6,256,231**
% Change		- 4.68	+ 3.72	+22.20	+ 7.03	+ 6.93	+ 3.73	+ 9.58	+ 2.16
Yorkton	1985	2,605,819	5,137,648	352,131	267,930	80,402	201,683	77,747	8,723,360
	1986	**2,477,761**	**5,360,553**	**434,860**	**294,228**	**82,089**	**204,339**	**85,066**	**8,938,896**
% Change		- 4.92	+ 4.34	+23.49	+ 9.81	+ 2.09	+ 1.32	+ 9.41	+ 2.47
Saskatoon	1985	6,790,852	20,680,756	1,899,072	1,303,114	245,168	684,140	235,789	31,838,891
	1986	**6,529,582**	**20,884,039**	**2,147,997**	**1,374,413**	**245,938**	**696,450**	**251,530**	**32,129,949**
% Change		- 3.85	+ .98	+13.10	+ 5.47	+ .31	+ 1.80	+ 6.67	+ .91
Swift Current	1985	1,112,124	2,869,108	295,820	174,751	42,514	56,905	35,273	4,586,495
	1986	**1,065,020**	**2,953,048**	**320,990**	**180,583**	**40,648**	**59,841**	**37,250**	**4,657,380**
% Change		- 4.24	+ 2.92	+ 8.51	+ 3.33	- 4.39	+ 5.15	+ 5.60	+ 1.54
Battlefords	1985	1,332,254	2,877,637	127,283	190,648	28,523	50,137	23,766	4,630,248
	1986	**1,280,757**	**2,986,637**	**155,771**	**211,181**	**29,341**	**52,522**	**26,382**	**4,742,591**
% Change		- 3.87	+ 3.78	+22.38	+10.77	+ 2.87	+ 4.75	+11.01	+ 2.43
Weyburn	1985	569,479	1,468,872	129,321	135,990	15,947	26,456	11,410	2,357,475
	1986	**532,119**	**1,517,733**	**140,983**	**138,287**	**15,055**	**30,103**	**12,195**	**2,386,475**
% Change		- 6.57	+ 3.32	+ 9.02	+ 1.69	- 5.59	+13.78	+ 6.87	+ 1.23
Estevan	1985	583,974	1,354,949	59,319	121,424	9,972	18,356	10,588	2,158,582
	1986	**538,008**	**1,397,031**	**76,227**	**111,614**	**10,042**	**20,256**	**10,760**	**2,163,938**
% Change		- 7.88	+ 3.10	+28.50	- 8.08	+ .7	+10.35	+ 1.62	+ .24
Melfort	1985	1,060,234	2,460,915	131,079	172,410	31,640	49,094	32,123	3,937,495
	1986	**998,310**	**2,547,687**	**147,133**	**189,989**	**33,665**	**46,631**	**34,109**	**3,997,524**
% Change		- 5.85	+ 3.52	+12.25	+10.19	+ 6.40	- 5.02	+ 6.18	+ 1.52
Lloydminster[1/]	1985	612,565	2,103,167	188,690	199,345	12,361	26,930	15,072	3,158,130
	1986	**554,531**	**2,099,072**	**219,081**	**182,519**	**11,670**	**25,679**	**15,598**	**3,108,150**
% Change		- 9.48	- .2	+16.10	- 8.44	- 5.60	- 4.65	+ 3.48	- 1.59
TOTALS	1985	24,145,816	62,931,272	5,533,025	4,285,320	734,504	1,918,460	654,790	100,203,187
	1986	**22,793,493**	**63,751,333**	**6,236,365**	**4,463,066**	**742,230**	**1,958,003**	**718,072**	**100,662,562**
% Change		- 5.61	+ 1.30	+12.71	+ 4.14	+ 1.05	+ 2.06	+ 9.66	+ .45

[1/] Lloydminster is not a controlled area but is under the Saskatchewan Fluid Milk Pool.

TABLE VI

SALES OF FLUID MILK IN LITRES IN CONTROL AREAS - 1985-86 (WHOLE MILK, PARTLY SKIMMED, SKIM, CHOCOLATE, BUTTERMILK)

	YEAR	REGINA	PRINCE ALBERT	YORKTON	SASKATOON	SWIFT CURRENT	BATTLE FORDS	WEYBURN	ESTEVAN	MELFORT	LLOYD-MINSTER	TOTALS
Jan.	1985	2,767,964	499,196	727,328	2,724,794	374,627	376,504	203,317	182,412	319,202	258,821	8,434,165
	1986	2,812,513	527,397	730,405	2,785,836	392,129	396,839	206,006	199,418	350,184	285,306	8,686,033
% Change		+ 1.61	+ 5.64	+ .42	+ 2.24	+ 4.67	+ 5.40	+ 1.32	+ 9.32	+ 9.71	+10.33	+ 2.98
Feb.	1985	2,574,029	464,039	682,214	2,490,109	338,292	349,120	181,705	164,324	286,881	235,384	7,766,097
	1986	2,473,601	471,584	674,061	2,489,949	344,010	355,995	181,148	166,703	302,456	249,307	7,708,814
% Change		+ 9.61	+ 1.62	- 1.20	- .01	+ 1.69	+ 1.97	- .31	+ 1.45	+ 5.43	+ 5.91	- .74
Mar.	1985	2,745,858	502,960	731,918	2,695,499	369,183	378,129	192,290	179,144	311,327	244,273	8,350,581
	1986	2,546,270	494,632	679,436	2,580,703	365,872	361,499	187,916	172,795	318,423	260,585	7,968,131
% Change		- 7.27	- 1.66	- 7.17	- 4.26	- .9	- 4.40	- 2.28	- 3.55	+ 2.28	+ 6.68	- 4.58
Apr.	1985	2,665,612	499,426	704,316	2,649,965	380,224	374,207	194,726	170,130	315,220	260,361	8,214,187
	1986	2,621,661	495,392	709,573	2,612,451	379,716	380,871	189,126	177,727	321,615	257,780	8,145,912
% Change		- 1.65	- .81	+ .75	- 1.42	- .14	+ 1.78	- 2.88	+ 4.46	+ 2.03	- .99	- .84
May	1985	2,790,897	518,153	721,379	2,634,541	397,621	398,285	197,891	184,737	349,998	259,661	8,453,163
	1986	2,741,299	527,386	746,178	2,674,700	404,158	396,579	202,079	186,926	341,357	266,377	8,487,039
% Change		- 1.78	+ 1.78	+ 3.43	+ 1.52	+ 1.64	- .43	+ 2.12	+ 1.18	- 2.47	+ 2.58	+ .40
June	1985	2,384,088	475,278	673,994	2,315,460	356,337	366,198	183,318	165,655	303,778	234,788	7,458,894
	1986	2,389,606	498,490	684,542	2,344,593	361,674	367,202	182,230	157,332	305,636	242,933	7,534,238
% Change		+ .23	+ 4.88	+ 1.56	+ 1.26	+ 1.50	+ .27	- .59	- 5.03	+ .61	+ 3.47	+ 1.01
July	1985	2,363,996	511,501	675,384	2,311,995	358,593	398,901	192,771	159,964	306,536	248,423	7,528,064
	1986	2,420,146	515,213	702,482	2,387,872	377,104	408,874	201,298	161,326	317,959	243,351	7,735,625
% Change		+ 2.37	+ .73	+ 4.01	+ 3.28	+ 5.16	+ 2.50	+ 4.42	+ .85	+ 3.72	- 2.05	+ 2.75
Aug.	1985	2,601,538	558,742	721,438	2,436,419	412,853	409,230	201,144	186,622	349,344	281,766	8,159,096
	1986	2,506,271	527,132	721,442	2,446,530	389,376	400,740	199,153	173,723	315,852	240,385	7,920,604
% Change		- 3.67	- 5.66	+ .0	+ .41	- 5.69	- 2.08	- .99	- 6.92	- 9.59	-14.69	- 2.93
Sept.	1985	2,656,374	469,078	632,594	2,579,808	353,806	347,484	176,296	167,851	302,873	268,327	7,954,491
	1986	2,683,235	516,186	729,238	2,691,328	384,498	392,523	198,032	177,241	326,666	256,920	8,355,867
% Change		+ 1.01	+10.04	+15.28	+ 4.32	+ 8.67	+12.96	+12.33	+ 5.59	+ 7.85	- 4.26	+ 5.05
Oct.	1985	2,849,609	515,753	753,038	2,797,559	398,011	396,560	201,936	195,065	350,491	283,396	8,741,418
	1986	2,827,795	550,620	786,804	2,897,576	410,112	418,539	209,090	194,131	357,112	267,405	8,919,184
% Change		- .77	+ 6.76	+ 4.48	+ 3.57	+ 3.04	+ 5.54	+ 3.54	- .48	+ 1.89	- 5.64	+ 2.03
Nov.	1985	2,724,009	503,382	715,754	2,673,388	370,300	376,928	194,816	190,146	323,428	275,261	8,347,412
	1986	2,602,954	493,034	711,397	2,575,139	356,408	370,896	184,670	178,110	312,288	238,392	8,023,288
% Change		- 4.45	- 2.06	- .61	- 3.68	- 3.75	- 1.60	- 5.21	- 6.33	- 3.45	-13.40	- 3.89
Dec.	1985	2,644,083	509,165	704,573	2,609,425	384,470	384,799	199,399	183,588	337,200	265,667	8,222,369
	1986	2,691,703	536,175	773,933	2,695,293	395,232	413,130	203,429	187,490	346,612	258,132	8,501,129
% Change		+ 1.80	+ 5.30	+ 9.84	+ 3.29	+ 2.80	+ 7.36	+ 2.02	+ 2.12	+ 2.79	- 2.84	+ 3.39
TOTALS	1985	31,768,057	6,026,673	8,443,930	30,918,962	4,494,317	4,556,345	2,319,609	2,129,638	3,856,278	3,116,128	97,629,937
	1986	31,317,054	6,153,241	8,649,491	31,181,970	4,560,289	4,663,687	2,344,177	2,132,922	3,916,160	3,066,873	97,985,864
% Change		- 1.42	+ 2.10	+ 2.43	+ .85	+ 1.46	+ 2.35	+ 1.06	+ .15	+ 1.55	- 1.58	+ .36

TABLE VII

THE AVERAGE MONTHLY MILK POOL PRICE - 1985-86 [1/]
(PER HUNDRED KILOGRAMS OF 3.5% BUTTERFAT)

	Group I Pool			Group II Pool		
MONTH	1985	1986	% CHANGE	1985	1986	% CHANGE
January	$45.65	$47.24	3.5	$37.51	$39.06	4.1
February	45.59	46.99	3.1	37.77	39.09	3.5
March	45.22	46.43	2.7	37.57	39.09	4.0
April	45.60	46.77	2.6	37.70	39.08	3.7
May	45.27	46.76	3.3	37.27	39.09	4.9
June	44.85	45.98	2.5	37.19	39.04	5.0
July	45.01	46.09	2.4	37.15	39.09	5.2
August	44.90	46.44	3.4	38.41	39.27	2.2
September	46.15	47.51	2.9	39.04	39.73	1.7
October	46.28	47.84	3.4	38.82	39.77	2.4
November	46.95	47.23	.6	38.85	39.84	2.5
December	47.05	47.29	.5	38.94	39.77	2.1
YEARLY AVERAGE	45.71	46.88	2.6	38.02	39.33	3.4

[1/] Price includes subsidies less inquota levies.

August to December prices for 1985 have been adjusted to account for refunds of levies.

TABLE VIII

SCHEDULE OF BASIC TRANSPORTATION CHARGES
BASED ON PRODUCER MONTHLY PRODUCTION

KGS. PRODUCED MONTHLY	PRODUCER [1/] BASIC RATE 1986
Min. Charge - 9,000	$1.302
9,001 - 13,600	1.275
13,601 - 18,100	1.249
18,101 - 22,600	1.209
22,601 - 27,200	1.195
27,201 - 31,700	1.182
31,701 - 36,200	1.169
36,201 - 40,800	1.156
40,801 - 45,300	1.142
45,301 - 49,900	1.129
49,901 - 54,400	1.117
54,401 - 58,900	1.102
58,901 - 63,500	1.089
63,501 - 68,000	1.076
68,001 - 72,600	1.062
72,601 - 77,100	1.050
77,101 - 81,600	1.036
81,601 - 86,200	1.009
86,201 - and over	1.009

Distance to be based on the air kilometers between the producer and the nearest processor.

[1/] A kilometer rate of 1.27¢ (.0127) per kilometer per 100 kilograms.